

304.50-050 Security deposits -- Dividends on and exchange of assets -- Collection by executive director -- Release.

- (1) The group shall provide security deposits to the executive director on a form prescribed by the executive director in an amount not less than two hundred fifty thousand dollars (\$250,000), ten percent (10%) of the annual premium or ten percent (10%) of the reserve requirement as established in the most recent certified statement of financial condition on file with the executive director, whichever is greater.
- (2) The trustees may file cash, cash equivalents, or United States Treasuries as security deposit or a bank letter of credit on a form or forms prescribed by the executive director, in satisfaction of the security deposit requirement. Notwithstanding any other provision of law to the contrary, the deposit required under this section shall be under trust agreements to which depositories, a self-insured group, and the executive director are parties. The executive director may at any time inventory assets on deposit for any self-insured group. Assets shall not be removed or deposited in or from the bank or trust company in which the assets are deposited, except upon a written order, approved by the executive director, of at least two (2) officers authorized for such purpose by the workers' compensation group self-insurance fund's board of directors or other governing body, except that assets may be deposited or removed under the direction and upon the order of a court of competent jurisdiction, and in the presence of the executive director. Deposit assets shall be valued at market.
- (3)
 - (a) Unless a fund fails to cure a deficiency, is insolvent, subject to a delinquency proceeding, or is in default as to taxes or other charges due under state law, a group self-insurance fund shall be entitled:
 1. To collect and receive interest, dividends, and payments accruing upon assets held on deposit for its account.
 2. From time to time, to exchange and substitute for any such assets, other assets eligible for deposits.
 - (b) If the group self-insurance fund fails to cure a deficiency when required, is insolvent, subject to delinquency proceedings, or is in default as to taxes or other charges due to the Commonwealth under law, the executive director shall collect such interest, dividends, and payments and add them to the group self-insurance fund's deposit.
- (4)
 - (a) Any required deposit shall be released, in addition to circumstances already provided for in the following instances only:
 1. Upon extinguishment of substantially all liabilities of the group self-insurance fund for the security for which the deposit is held;
 2. If the deposit is no longer required under this subtitle; or
 3. Upon proper order of a court of competent jurisdiction, the deposit shall be released to the receiver, conservator, rehabilitator, or liquidator of the group self-insurance fund.

- (b) No release of a deposit shall be made except on application to and written order of the executive director made upon proof satisfactory to the executive director of the existence of one (1) of the grounds required in paragraph (a) of this subsection. The executive director shall not have any personal liability for any such release of any deposit or part thereof so ordered by the executive director in good faith.
- (5) The executive director shall publish a list of banks or trust companies for the security deposits or letter of credit as proposed by the group self-insurance fund.

Effective: March 1, 2005

History: Created 2005 Ky. Acts ch. 7, sec. 10, effective March 1, 2005.

Legislative Research Commission Note (3/1/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.